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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

June 8, 2018

Board of Directors
Terre Haute Area Economic Development Corporation
630 Wabash Ave., Suite 101
Terre Haute, IN 47807

We have reviewed the report prepared by Terre Haute Area Economic Development Corporation and opined upon by Holbert & Phipps, LLP, Independent Public Accountants, for the period May 1, 2014 to April 30, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Terre Haute Area Economic Development Corporation as of April 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Holbert & Phipps, LLP prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**TERRE HAUTE AREA ECONOMIC
DEVELOPMENT CORPORATION**

**AUDITED FINANCIAL STATEMENTS
April 30, 2016 and 2015**

**Terre Haute Area Economic Development Corporation
April 30, 2016 and 2015**

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Holbert & Phipps, LLP

Certified Public Accountants

1098 Ohio Street | Terre Haute, IN 47807 | Phone: 812-233-3082 | Fax: 812-233-3091

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Terre Haute Area Economic Development Corporation

We have audited the accompanying financial statements of Terre Haute Area Economic Development Corporation (a nonprofit organization), which comprise the statements of financial position as of April 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions on the effectiveness of the Organization's internal control. Accordingly, we express no such opinions. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinions, the financial statements referred to above present fairly, in all material respects, the financial position of Terre Haute Area Economic Development Corporation as of April 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2017, on our consideration of Terre Haute Area Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Terre Haute Area Economic Development Corporation's internal control over financial reporting and compliance.



Holbert & Phipps, LLP
Certified Public Accountants
Terre Haute, Indiana
February 14, 2017

FINANCIAL STATEMENTS

TERRE HAUTE AREA ECONOMIC DEVELOPMENT CORPORATION

Statements of Financial Position

April 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and temporary cash investments	\$ 780,150	\$ 819,982
Accounts receivable	41,667	20,833
Total current assets	<u>821,817</u>	<u>840,815</u>
Property and Equipment		
Equipment	60,114	58,288
Furniture and fixtures	47,015	47,015
Leasehold improvements	49,611	49,611
	<u>156,740</u>	<u>154,914</u>
Accumulated depreciation	(141,162)	(137,010)
	<u>15,578</u>	<u>17,904</u>
Total assets	<u>\$ 837,395</u>	<u>\$ 858,719</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 300	\$ 300
Payroll and related liabilities	5,378	10,633
Deferred dues	110,000	140,000
Total current liabilities	<u>115,678</u>	<u>150,933</u>
Net Assets - unrestricted	<u>721,717</u>	<u>707,786</u>
Total liabilities and net assets	<u>\$ 837,395</u>	<u>\$ 858,719</u>

The accompanying notes are an integral part of these statements.

TERRE HAUTE AREA ECONOMIC DEVELOPMENT CORPORATION

Statements of Activities

For the Years Ended April 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Memberships	\$ 225,000	\$ 205,000
Professional Services - Vigo County	125,000	125,000
Professional Services - City of Terre Haute	125,000	125,000
Interest Income	299	290
Total revenues	<u>475,299</u>	<u>455,290</u>
Expenses		
Salaries and benefits	308,693	298,788
Occupancy costs	59,147	62,894
Administration	56,715	67,845
Programs	36,813	35,221
Total expenses	<u>461,368</u>	<u>464,748</u>
Increase (decrease) in net assets	13,931	(9,458)
Unrestricted net assets at beginning of year	<u>707,786</u>	<u>717,244</u>
Unrestricted net assets at end of year	<u>\$ 721,717</u>	<u>\$ 707,786</u>

The accompanying notes are an integral part of these statements.

TERRE HAUTE AREA ECONOMIC DEVELOPMENT CORPORATION

Statements of Cash Flows

For the Years Ended April 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating activities:		
Increase (decrease) in net assets	\$ 13,931	\$ (9,458)
Adjustment to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	4,152	6,814
Change in certain assets and liabilities:		
Accounts receivable	(20,834)	(10,416)
Accounts payable	-	(23,634)
Payroll and related liabilities	(5,255)	4,361
Deferred dues	(30,000)	25,000
Net cash used in operating activities	<u>(38,006)</u>	<u>(7,333)</u>
Investing activities:		
Purchases of furniture and equipment	<u>(1,826)</u>	<u>(255)</u>
Net cash used in investing activities	<u>(1,826)</u>	<u>(255)</u>
Net decrease in cash	(39,832)	(7,588)
Cash and temporary cash investments		
Beginning of year	<u>819,982</u>	<u>827,570</u>
End of year	<u>\$ 780,150</u>	<u>\$ 819,982</u>

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of the statement of cash flows, cash and temporary cash investments includes checking accounts, savings, and money market accounts.

The accompanying notes are an integral part of these statements.

TERRE HAUTE AREA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

April 30, 2016 and 2015

NOTE 1 - PURPOSE OF ORGANIZATION

Terre Haute Area Economic Development Corporation (THAEDC) is a not-for-profit corporation whose purpose is to promote, assist, contribute and support economic development in Vigo County, Indiana and surrounding counties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Accordingly, THAEDC presents its financial position and activities according to the following three classes of net assets: (a) unrestricted, (b) temporarily restricted, and (c) permanently restricted.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. At April 30, 2016 and 2015, THAEDC had no restricted net assets.

Accounts Receivable

Accounts receivable are carried at cost. Accounts receivable do not bear interest because they are created from established contracts with local city and county governments at contracted rates. The receivables stem from the timing of when the payments per the contract are to be paid and when they are actually received.

Allowance for Doubtful Accounts

The allowance for doubtful accounts was \$0 at April 30, 2016 and 2015.

TERRE HAUTE AREA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements - Continued

April 30, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property and Equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Depreciation is provided for by the straight-line method over the estimated useful lives of 3 to 15 years. Depreciation expense for the years ended April 30, 2016 and 2015 was \$4,152 and \$6,814, respectively.

Functional Expenses

Direct expenses are charged to program – support economic development based upon the costs incurred when specifically identifiable with a service. Other costs are allocated among program and management and general based on the time spent by the related personnel.

Income Taxes

THAEDC is exempt from federal income taxes under section 501(c)(4) of the Internal Revenue Code. It is also exempt from state income tax. Therefore, no provision or liability for income taxes has been included in the financial statements. The Organization has adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*.

The Organization's policy is to evaluate any potential uncertain tax positions and the likelihood that they will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence. It is the opinion of management that the Organization has no uncertain tax positions.

The Organization files income tax returns in the U.S. federal jurisdiction and the State of Indiana. The Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2013.

Subsequent Events

THAEDC has evaluated the financial statements for subsequent events occurring through February 14, 2017, the date the financial statements were available for issue and concluded nothing occurred requiring adjustment to the financial statements or disclosure in the notes of the financial statements.

NOTE 3 - OPERATING LEASE

THAEDC leases office space under an operating lease. The lease term has expired; however, THAEDC continues to use the space on a month to month basis. Rent expense totaled \$33,181 and \$27,612 for the years ended April 30, 2016 and 2015, respectively.

TERRE HAUTE AREA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements - Continued

April 30, 2016 and 2015

NOTE 4 - EMPLOYEE RETIREMENT PLANS

THAEDC sponsors a defined contribution retirement plan for its eligible employees. THAEDC contributes 7.5% of compensation of its eligible employees to the plan. During the years ended April 30, 2016 and 2015, THAEDC contributed \$19,601 and \$19,115, respectively.

NOTE 5 - FUNCTIONAL EXPENSES

The functional allocation of THAEDC's expenses for the years ended April 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Program - support economic development	\$ 415,734	\$ 410,348
Management and general	<u>45,634</u>	<u>54,400</u>
	\$ <u>461,368</u>	\$ <u>464,748</u>

NOTE 6 - CONCENTRATIONS

THAEDC routinely has deposits in Indiana financial institutions in amounts that exceed the limits of insurance provided by the Federal Deposit Insurance Corporation. At April 30, 2016 and 2015, THAEDC had uninsured deposits in the amount of \$412,103 and \$347,902, respectively.

During the year ended April 30, 2016 and 2015, two entities accounted for 53% and 55%, respectively of the total revenue of THAEDC.

NOTE 7 - RELATED PARTY TRANSACTIONS

THAEDC had the following related party transactions with board members for the years ended April 30, 2016 and 2015, respectively.

		<u>2016</u>	<u>2015</u>
Miller White LLC	Marketing services	\$ 0	\$ 20,811
Miller White LLC	Membership dues	\$ 0	\$ 5,000
Sackrider & Company, Inc.	Accounting services	\$ 5,312	\$ 8,219

TERRE HAUTE AREA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements - Continued

April 30, 2016 and 2015

NOTE 8 - STATE AND LOCAL REVENUE

THAEDC receives state and local funds to use in the operations of the entity. These funds have been summarized in the table below.

	<u>2016</u>	<u>2015</u>
Grantor Name: Vigo County		
Program Name: EDIT funds		
Source of Funding: State and local		
Amount received:	\$ 125,000	\$ 125,000
Amount disbursed:	\$ 125,000	\$ 125,000
Grantor Name: City of Terre Haute		
Program Name: EDIT funds		
Source of Funding: State and local		
Amount received:	\$ 125,000	\$ 125,000
Amount disbursed:	\$ 125,000	\$ 125,000
Grantor Name: Workforce Investment Board		
Program Name: N/A		
Source of Funding: State and local		
Amount received:	\$ 5,000	\$ 5,000
Amount disbursed:	\$ 5,000	\$ 5,000

YELLOW BOOK COMPLIANCE SECTION



Holbert & Phipps, LLP

Certified Public Accountants

1098 Ohio Street | Terre Haute, IN 47807 | Phone: 812-233-3082 | Fax: 812-233-3091

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Terre Haute Area Economic Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Terre Haute Area Economic Development Corporation (a nonprofit organization), which comprise the statements of financial position as of April 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Terre Haute Area Economic Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Terre Haute Area Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Terre Haute Area Economic Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Holbert & Phipps, LLP
Certified Public Accountants
Terre Haute, Indiana
February 14, 2017